

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

EA-07 FRB-03 INR-07 IO-11 NEA-10 NSAE-00 OPIC-03

SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01 OIC-02

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R 101850Z FEB 76

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ALL OECD CAPITALS 0017

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PASS: TREASURY FOR PARSKY; EB/OMA FOR RYAN

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TAGS: EINV, EFIN, OECD

SUBJECT: AD HOC GROUP OF STATISTICAL EXPERTS OF THE
OECD'S TEMPORARY WORKING PARTY OF THE ECONOMIC
POLICY COMMITTEE (TWP), MEETING FEB 5-6, 1976

REFS: (A) CPE/TWP(76)3, (B) CPE/TWP(75)16 1ST REVISION,
(C) CPE/TWP(75)9

1. SUMMARY: AD HOC GROUP OF STATISTICAL EXPERTS OF TWP
MET ON FEBRUARY 5-6. AGREEMENT WAS REACHED THAT SECRE-
TARIAT WOULD PROVIDE TWP WITH SEVERAL MEASURES OF EXPORT
PRICES. CHAIRMAN AGREED TO PREPARE DRAFT REPORT TO TWP
ON RESULTS OF STATISTICAL MEETING. END SUMMARY.

2. AD HOC GROUP OF STATISTICAL EXPERTS OF TWP MET ON
FEB 5-6. MEETING WAS CHAIRED BY PLESSZ (DIRECTOR, DIV.
OF GENERAL ECONOMIC STUDIES). AND HELD BROAD EXCHANGE OF
VIEWS ON STATISTICAL QUESTIONS RELATING TO MEASUREMENT
OF EXPORT PRICES TO OPEC COUNTRIES.

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3. PROS AND CONS OF PRICE AND UNIT VALUE INDEXES WERE DISCUSSED AT LENGTH, AND IN GENERAL IT WAS AGREED THAT PRICE INDEXES ARE SUPERIOR TO UNIT VALUE INDEXES FOR MEASURING EXTERNAL PRICES. SOME COUNTRIES (CANADA, ITALY, U.K. AND SWITZERLAND) ARE WORKING TO INCORPORATE SPECIFIC PRICE DATA INTO THEIR EXTERNAL PRICE MEASURES, BUT PROCESS WILL BE GRADUAL ONE (EXCEPTION CANADA) AND WILL NOT YIELD IMPROVED MEASURES IN NEXT 2-3 YEARS. EXTREME RESOURCE LIMITATIONS IN STATISTICAL OFFICES WAS CITED BY SEVERAL DELEGATES TO ACCOUNT FOR LACK OF PROGRESS IN THIS DIRECTION.

4. AS REGARDS THE CALCULATION OF EXPORT PRICE MEASURES TO OPEC FOR PURPOSES OF TWP, SEVERAL DELEGATES (ITALY, U.K., GERMANY, JAPAN, FRANCE) EXPRESSED CONCERN THAT EXPORT PRICE INDEX MIGHT RISE FASTER THAN UNIT VALUE INDEX IN 1976 BECAUSE IT WAS FELT UNIT VALUE INDEXES' MOVEMENTS LAG EXPORT PRICE MOVEMENTS, THUS GIVING "UNFAVORABLE" IMPRESSION OF DETERIORATION OF OPEC TERMS OF TRADE THIS YEAR. U.S. DEL (MURPHY) EXPRESSED VIEW THAT DATA PROVIDED TO TWP SHOULD BE AS ACCURATE AND OBJECTIVE AS POSSIBLE, AND IT WAS UP TO TWP TO DETERMINE WHETHER OR NOT IT WAS SUITABLE FOR USE IN DIALOGUE. AFTER SOME EQUIVOCATION, THE CHAIRMAN AGREED WITH U.S. VIEW.

5. SOME DELEGATES WERE CONCERNED THAT DATA ON EXPORT PRICES TO OPEC PROVIDED TO TWP WOULD BE USED BY OPEC TO INDEX OIL PRICES. THIS VIEW WAS EXPRESSED STRONGLY IN PRIVATE BY JAPANESE DEL (MIZOGUCHI), AND IN MEETING BY SWEDEN, FRG AND SWITZERLAND. THESE COUNTRIES WERE RELUCTANT TO RECOMMEND THAT ANY SINGLE PRICE MEASURE OR METHOD BE USED. INSTEAD, THEY URGED THAT SEVERAL MEASURES BE CALCULATED. U.K. DEL (KELLY) ARGUED THAT

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SECRETARIAT SHOULD OBSCURE MEASURES OF OECD EXPORT PRICES TO OPEC IN ORDER TO AVOID GIVING ANY AMMUNITION TO OPEC; AGREEMENT WITH THIS WAS VOICED BY DELS FROM ITALY AND FRANCE.

6. AGREEMENT WAS REACHED THAT SECRETARIAT WOULD PROVIDE TWP WITH SEVERAL MEASURES OF EXTERNAL TRADE PRICES. USING INFORMATION ALREADY IN HAND, SECRETARIAT WILL CALCULATE OECD EXPORT PRICE INDEXES (A) BASED EXCLUSIVELY ON UNIT VALUES; (B) BASED ON UNIT VALUES AND EXPORT PRICES WHERE THEY EXIST. THESE INDEXES WILL COVER EXPORTS TO WORLD, NOT SPECIFICALLY OPEC. PROBLEMS INHERENT IN THESE INDEXES WILL BE DESCRIBED TO TWP. SECRETARIAT ALSO REQUESTED MEMBERS TO PROVIDE BY MAY 1976 INDEXES OF UNIT VALUES AND PRICES CALCULATED WITH OPEC TRADE WEIGHTS. MOST COUNTRIES FELT THIS COULD BE DONE, BUT SOME QUESTIONS WERE RAISED ABOUT INTERPRETATION OF RESULTING DATA.

7. CHAIRMAN AGREED TO PREPARE DRAFT REPORT TO TWP ON LIMITED OFFICIAL USE

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RESULTS OF STATISTICAL MEETING AND TO CIRCULATE IT TO ALL DELEGATIONS FOR COMMENT PRIOR SUBMISSION OF FINAL REPORT TO TWP CHAIRMAN. QUESTION OF WHETHER THERE SHOULD BE ANOTHER MEETING OF STATISTICAL EXPERTS WAS LEFT OPEN.
TURNER

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